COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS   )
ADJUSTMENT FILING OF MT. OLIVET   )   CASE NO. 9918-KK
NATURAL GAS COMPANY, INC.   )

                        O R D E R

On August 10, 1987, the Commission issued its Order in Case
No. 9918 approving certain adjustments in rates and providing
under certain conditions for the further adjustment of such rates
when the wholesale cost of gas is increased or decreased or a
refund is received.

On October 16, 1989, Mt. Olivet Natural Gas Company, Inc.
("Mt. Olivet") notified the Commission that it had received
refunds from its supplier, Columbia Gas Transmission Corporation
("Transmission").

After reviewing the record in this case and being otherwise
sufficiently advised, the Commission finds that:

(1)   Mt. Olivet's notice of October 16, 1989 set out a
refund factor of 7.3 cents per Mcf to return $331 of supplier
refunds.

(2)   The refund should begin with gas supplied on and after
November 1, 1989 and should remain in effect for 1 month or until
such time as the full amount plus interest has been returned to
Mt. Olivet's customers.

(3) Mt. Olivet should refund the amount reported in its notice plus interest at a rate equal to the average of the "3-Month Commercial Paper Rate" less 1/2 of 1 percent to cover the cost of refunding. These monthly rates are reported in the Federal Reserve Bulletin and the Federal Reserve Statistical Release.
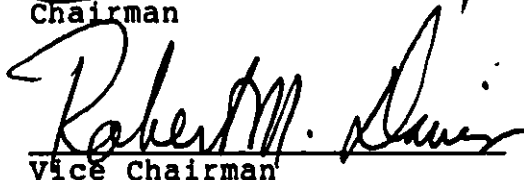
IT IS THEREFORE ORDERED that:

(1) Mt. Olivet shall apply a 7.3 cent per Mcf refund factor to the approved rates beginning with gas supplied on and after November 1, 1989, which shall remain in effect for 1 month or until the total amount of the refund plus interest is returned to its customers.

(2) Within 30 days of the date the refund is terminated, Mt. Olivet shall file with this Commission a summary statement showing a reconciliation of customer billings and the amount refunded.

Done at Frankfort, Kentucky, this 8th day of November, 1989.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director